

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

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In Re)	
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Advance Notice of Proposed Rulemaking)	Docket Nos. OST-97-2881
Computer Reservation System Regulations))	OST-97-3014
Notice No. 97-9)	OST-98-4775
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COMMENTS OF SABRE INC.

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September 22, 2000

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Sabre Inc. ("Sabre"), which owns, operates and distributes the Sabre Computer Reservation System ("CRS"), respectfully submits the following comments in response to the Supplemental Advance Notice of Proposed Rulemaking issued on July 24, 2000 ("the Notice") in the above-captioned Docket.

Preliminary Statement

Sabre welcomes the opportunity to comment on the important issues raised by the Notice, and in particular, the need for updating the Department's regulations governing CRS systems if those regulations are to be retained. The Department's present rules were adopted in 1992 – long before the Internet developed into a channel through which many millions of consumers make travel arrangements on their own each year. As Internet bookings account for an ever

larger share of tickets purchased in the U.S., it becomes ever more apparent that the current regulations are simply not equipped to address many of the issues that inevitably arise in an increasingly "on-line" world. These developments have serious implications for consumers and for smaller and low-fare carriers.

To summarize our views, Sabre believes that if the Department chooses to retain regulation of CRS systems in the United States, it must modernize those rules by expanding their coverage to travel web sites that offer the services of more than just a single carrier.¹ This would provide U.S. consumers with the same safeguards against on-line bias that consumers in Canada and the European Union have long enjoyed.

While consumers expect that a proprietary web site offered by, and featuring the services of, only a single carrier will be "biased" in that carrier's favor, multi-carrier offerings -- especially when coupled by multi-carrier ownership -- create a strong, implicit and understandable aura of neutrality. Thus, the very same risks of consumer deception that impelled the Civil Aeronautics Board in 1984, and the Department again in 1992, to ban biased CRS displays are present in at least equal measure in the case of such multi-carrier web sites. Since professional travel agents using CRS systems are generally familiar with the service offerings of carriers to and from their locale, the danger that consumers would be misled about the schedule and fare options is far more pronounced in the case of consumers fending for themselves on the Internet.

¹ As in its original comments, Sabre does not advocate expanding the regulations to cover single carrier web sites that are clearly marked and operate as such. Furthermore, while every case should be reviewed on its own merits, Sabre, at this time, does not see a reason to extend the regulations to web sites that offer the services of a group of carriers belonging to a recognized

The danger of consumers being deceived by bias in airline distribution systems not covered by the Department's rules is hardly a thing of the past. Earlier this year Northwest blew the whistle on bias in a popular web site, one in which all, or most, of the major carriers owned an equity stake. That travel web site had long touted participation by many major carriers and expressly claimed, "We'll take your offer to our participating carriers and their affiliates and let you know whether **any of them** were willing to accept your price." (Emphasis added.) That assertion proved not to be true for thousands of travelers using that site.

As shown by the press coverage, there existed a previously undisclosed agreement obligating that web site to give one, and only one, carrier the right to bid on the requests of many travelers to and from that carrier's primary U.S. hub. Other carriers participating in that on-line site were allowed to bid on trips to and from that major hub only for travel to or from one of their own hub airports.

This current example of secret bias in favor of a major airline is irrefutable evidence that the urge for carriers to reap the benefits of biased displays, and to otherwise steer users of computerized booking tools to their own flights, is just as irresistible today in the on-line world as it was on the day in 1984 when the CAB determined that regulations were necessary to protect the public interest.

A related threat to consumers and competition dealt with by the Department's regulations is the abuse by dominant carriers of their strength as airlines to drive users of CRS systems to utilize that carrier's CRS. Airlines

air carrier alliance, such as the Star Alliance or Oneworld, which coordinate schedules and frequent flier programs.

owning one CRS have the incentive to engage in this behavior to enhance the economic prospects of that system.² Such carriers also have, as the Department has seen on many occasions, the means to do so. They can readily distort competition in the market for the distribution of air travel by withholding data on their flights, fares, and inventory from systems that compete with the one they own -- information that is the life blood of any system that distributes airline services in regions where those carriers are strong.

In response to wide-spread and persistent abuses by a number of carriers that owned CRS systems, the Department enacted additional rules in 1992 that forbade this anti-competitive behavior in the field of the traditional CRSs. The very same incentives for big carriers that owned CRSs to favor that system over competing systems are equally present in the case of an on-line travel agent system in which that carrier holds an ownership interest. Moreover, the fact that a web site like Orbitz is owned by multiple carriers in no way undercuts this conclusion. Indeed, in 1992, all CRSs, save one, had multiple carriers as owners.

In summary, should the regulations be retained, they must be updated to deal effectively with the risk that carriers owning multi-airline on-line agencies will undermine competition with the on-line agent they own (and favor) through the discriminatory denial of data and selling facilities on their flights. That practice, otherwise, is destined to become the unsavory successor to abuses the

² In addition to a pure profit motive, carriers that own CRS systems (or web sites) have the added incentive of increasing the value of the system for purposes of a public offering of stock.

Department outlawed in the sphere of traditional CRS systems almost a decade ago.

I. Introduction

The Department's Notice sets out two key issues: (1) are the existing CRS regulations still necessary; and (2) should the existing regulations be extended to cover the distribution of travel *via* the Internet (and if so, how)? As set out in more detail below, in answer to the first question, Sabre has no objection to the continuation of the CRS regulations so long as they are updated to reflect the airline distribution system of today. In answer to the second question, and assuming the regulations are maintained, we believe that they should be expanded to cover travel web sites that offer the services of more than just a single carrier.

If the Department is uncomfortable extending the rules to all web sites offering the services of more than a single carrier, then it should at least apply the regulations to such web sites that are owned in whole or in part by, or are marketed by, airlines. If the Department chooses the latter course, then it still has the ability to induce other travel web sites to agree to be bound by the regulations – using the ability for such travel portals to gain the regulatory protections against airline-owner discrimination as the carrot. For the record, we have been authorized by Travelocity, an affiliated company, to state that it would in such a case agree to be bound by all the provisions of the CRS rules if this were the approach the Department adopted.

We note that for all the clamor Orbitz has raised about other consumer web sites, like Travelocity, being biased in favor of some unnamed group of

carriers – a patently false accusation as to Travelocity -- Orbitz has repeatedly rejected submitting itself to the CRS regulations. This naturally raises the fundamental question: if Orbitz has firm and irreversible plans to operate in an neutral and unbiased fashion, why has it so adamantly resisted the coverage of regulations that require neutrality?

II. Should the Rules Be Retained?

As was the case in the rulemaking that culminated in the present regulations, Sabre would have no objection if the Department were to decide to continue to regulate the CRS industry – so long as the appropriate changes are made to strengthen those regulations to address recent industry developments. The Department has inquired whether certain changes in the field of airline distribution have weakened the force of its conclusion in 1992 that rules were needed. We address these matters individually below.

Reduced carrier ownership

In prior rulemakings (including the recent parity clause and on-line preference dockets), the Department (and its predecessor the Civil Aeronautics Board) determined that rules governing the operation of CRS systems were necessary because the ownership of CRSs by big airlines meant those airlines had both the incentive and the means to use those systems to favor the distribution of their services over those of competitors.

While the contours of the CRS industry have changed in this respect since 1992, the disaffiliation of CRSs from airlines is a process that is not complete and far from universal. To date, only one CRS, Sabre, is totally free of airline

ownership. (As Sabre retains marketing agreements with American and Southwest, we do not take issue with the Department's instructions to us that we remain subject to the regulations). Galileo is fairly advanced in this direction, but United and SwissAir still hold significant ownership stakes, accounting collectively for nearly 25% of total equity.

Amadeus has begun a process of public ownership but its three owner carriers still control 60% of that system, and, of course, Amadeus could remain under majority control by airlines for many years to come. One hundred percent of the ownership of Worldspan is still privately held by three of the largest carriers in the U.S., Northwest, TWA, and Delta.

So long as major carriers hold such stakes in three of the four global CRSs, one must question whether the fundamental premises for the Department's decision nearly a decade ago to regulate CRSs have truly weakened to any significant degree. If the Department should, however, decide to terminate the rules, Sabre is prepared to compete vigorously in an unregulated environment. There are, nonetheless, several additional considerations that should be weighed by the Department as it deliberates the effects of any potential abolition of the CRS regulations and the accompanying steps it must take.

Additional considerations

An additional consideration for the Department regarding whether the regulations remain necessary is that Europe and Canada will continue to regulate the industry for the foreseeable future. The rules in the EU and Canada accord

certain rights to airlines and certain rights to CRSs. However, key safeguards for both airlines and CRSs based in other nations are not available under the Canadian and EC regulations (or may be waived) in the event carriers making their homes in the EU or Canada are not afforded equivalent treatment by systems based in those other countries. (See Article 7(2) of EC CRS Code of Conduct and Section 37 of Canadian CRS regulations respectively.)

Accordingly, if the Department were to eliminate CRS regulations, it would have to assure through discussions with its EU and Canadian counterparts that U.S. carrier and U.S. CRS interests were fully protected against retaliation.

The Department is well aware of the difficulties that Sabre has experienced in achieving fair and equal access, *de facto*, to certain overseas markets. Recent decisions by the EC Transport and Competition Directorates regarding CRS-affiliated carriers engaging in discriminatory practices (involving electronic ticketing in one country and the distribution of fares in another), underscore that the problems of access for U.S. CRS systems to foreign markets have not disappeared. Similarly, the Department will appreciate that Congress recently strengthened the International Air Transportation Fair Competitive Practices Act because it recognized that there was a need for additional tools to combat discriminatory behavior of carriers toward U.S. CRSs.

On the subject of abusive behavior by big carriers affiliated with systems, the very sort of unfair and discriminatory practices that Sabre and other U.S. systems have been subjected to abroad were successfully deployed here in the States for years by U.S. carriers. It was these persistent and systematic acts of

unfair conduct -- such as the deliberate refusal of some airline owners to participate at a level and manner comparable to their participation in the system they owned -- that caused DOT to amend its rules to banish this misconduct from our shores. (See 57 F.R. 43780, 43800-43801, September 22, 1992.)

These unfair practices by dominant carriers could succeed again in an unconstrained environment. Systems owned by the nation's large carriers could hobble independent systems and web sites, especially in the regions of the country where those owner carriers operate hubs. On that score, we note with alarm the contradictory statements coming from Orbitz and its owners as to whether those big carriers will make certain fares available only to Orbitz. For example, in an effort to fend off charges that big carriers had agreed to provide special fares only to Orbitz, the Chief Technology Officer of Orbitz was recently quoted as follows:

Sure. Everyone goes through one of four or five computer reservations systems that all have the same information. These are all publicly available fares. We're getting the same stuff as everyone else, except that the special fares that are on the Web sites of particular airlines, we are pulling into one place to book.

Internet World, June 01, 2000 (emphasis added).

Leveraging airline strength into dominance for an affiliated Internet portal would not be permitted if the existing regulations applied to the Orbitz system. The same red flags as to anti-competitive intent jump to the forefront when one looks at the Orbitz "Most Favored Nations" clause in its participation contracts. (See Attachment A.) That clause, which as a condition for membership forbids carriers from undercutting the fares they post on Orbitz, is really just a high-powered parity clause. Of course, that clause would be unenforceable by Orbitz

against carriers that were not themselves owners of systems if existing regulations applied to Orbitz.

The fact that Orbitz has rejected, at every opportunity, the application of the CRS rules to it and its owning carriers has done nothing to allay the deep suspicions in the industry that its entire business plan is predicated on exclusive access to fares and other key data on its five owners -- carriers that account for over 80 percent of all passengers carried in the United States. Why such a reluctance by Orbitz to play by the same rules as others? The answer might be found in a controversial book written by two senior Boston Consulting Group ("BCG") consultants (and copyrighted by BCG) entitled *Blown to Bits*.³

BCG has been instrumental in the formation and operation of Orbitz. In fact, for many months it was BCG personnel who served as media spokespersons for Orbitz. Some of the BCG consultants involved in the Orbitz project were acknowledged by name by the authors of *Blown to Bits* for their assistance. In *Blown to Bits*, the authors describe strategic challenges that the emergence of the network economy poses for established suppliers, intermediaries and retailers. The authors issue a call to arms for retailers to retake control of distribution of their products and services from those Internet companies too closely aligned with the interests of buyers. The key to regaining control is essentially a group boycott by suppliers of independent outlets of distribution. Once the retailers reclaim control, the authors advise them to then impede the consumer's search for options. For example, the authors write:

³ Philip Evans and Thomas S. Wurster, ©2000 The Boston Consulting Group, Harvard School Press.

...the more intense the competition among navigators [i.e., distributors independent of suppliers] for the loyalty and attention of consumers, the weaker is the navigators' bond to any one seller and the greater the pressure on them to serve as the buyers' rather than the sellers' agent.

From the product suppliers' point of view, the tilt in affiliation threatens their influence over the buying process

Blown to Bits at 125.

Informing the consumer of purchasing alternatives available from other suppliers; explaining why a premium feature is not worth the money; sharing unflattering information on product performance or customer satisfaction; these are the kind of navigational services that consumers would expect from a navigator serving *their* interests.

Id. at 127 (emphasis added). After describing the "evils" associated with an informed consumer, the authors then set out how the retailer best hobbles the independent navigator:

Product suppliers and traditional retailers alike fear the rise of the agent navigator who facilitates broad-reaching comparisons without even being a party to the transaction. However, a component of critical mass for either kind of new navigator is often the incumbents' product information, price lists, and willingness to accept business switched through that navigator. *This opens up the possibility of denying critical mass. If enough suppliers refuse to sell through the e-tailer, or enough retailers refuse to provide information to the dispassionate agent, neither the e-tailers nor the agent can achieve critical mass.*

Id. at 115 (emphasis added). And what should a group of sellers do to combat the independent navigator?

Unless the selling business is highly concentrated, it is unlikely that the navigator's ability to achieve critical mass will depend on the availability of data from any one source. Therefore, while it is undoubtedly in the interests of all sellers *collectively*, it is not in the interest of any one seller *individually* to deny its own data to the navigator. But if everyone reasons that way, the navigator will achieve critical mass.

Blown to Bits at 139 –140 (emphasis in original). Next, assuming the call for a joint boycott is heeded, the BCG consultants explain what the sellers should do once they regain control of the channel:

Perhaps provide comprehensive but not necessarily comparable data on one's own products and those of direct competitors, and slightly *bias* the presentation through the ordering of alternatives and the occasional emphasis or *omission*... *Conceal* from consumers the navigator service's supplier affiliation.

Id. at 142 (emphasis added).

III. Jurisdiction

The Department has raised a question about its ability to continue to regulate the distribution of travel in light of the changes in the marketplace over the past five years. When CRS regulation began, all CRS systems were owned solely by airlines, and nearly all system users were travel agents. The Department's manifest authority to regulate the behavior of carriers and travel agents made the jurisdictional issue an easy one to answer.

The market place has obviously changed. Today, Sabre is completely independent of airline ownership; airline ownership of Galileo has been reduced to under 25% of outstanding equity. Airline distribution has extended to the Internet in addition to the traditional proprietary networks of the CRS systems, and consumers can access travel information directly at carrier web sites and on-line agency web sites.

On the other side of the ledger, however, Worldspan remains wholly owned by three large U.S. carriers, and control of Amadeus rests with three large European airlines; large carriers now own and control multi-carrier web sites.

Further, over 75% of all tickets sold in the U.S. are still sold through travel agencies, most of which use CRSs. On balance, the fundamentals of the industry that caused the CAB and DOT to adopt CRS regulations have not experienced a sea change.

Traditional CRS systems

To the extent that carriers own any portion of a traditional CRS system, the Department's legal authority to regulate those systems remains unchanged. The Department simply needs to decide if this industry still requires regulation.

To the extent a traditional CRS system has no carrier ownership, as is the case with Sabre, the Department could still exercise its powers relating to the sale or marketing of systems by air carriers or of airline services by systems. In fact, the Department has advised Sabre that we remain subject to the regulations because of our marketing agreements with American and Southwest. If those marketing agreements were to terminate, then, short of Congress amending 49 U.S.C. 41712 (commonly referred to as "Section 411"), the Department's ability to **directly** regulate a non-airline affiliated company like Sabre is debatable. Nonetheless, it is clear from the Notice that the Department is aware of other indirect means to reach non-airline owned systems that distribute airline services.

First, the Department could, as suggested in the Notice, simply use its power to ban any airline or travel agent from doing business with a system that failed to comply with the key provisions of Part 255. Second, the Department could provide "unregulated" systems with the ability to "opt in" to coverage under the rules, in exchange for the enjoying the benefits afforded systems thereunder,

e.g., non-discriminatory access to fare and inventory data on “system owners.” If the Department ensured that the regulations provided a compelling economic case for an “opt-in option” by assuring that systems doing so would be protected from discrimination by “system owners”, a number of “unregulated” systems might seek to take advantage of such benefits. In that case, the “rules of fair play” as crafted by the Department would likely become the industry-wide model. Either avenue would produce the desired result; if the Department feels continued regulation is still necessary.

On-line Agencies

Under Section 411, the Department has the power to regulate the behavior of “ticket agents.” In turn, 49 U.S.C. §40102(a)(40), defines a ticket agent as a person “that as a principal or agent sells, offers for sale, negotiates for, or holds itself out as selling, providing, or arranging for, air transportation.” This definition covers all on-line agencies. As a result, the Department has the ability to regulate the activity of on-line agencies, either when acting like traditional travel agencies, or in their capacity as distribution systems. In other words, the Department can, if it desires, require on-line systems like Expedia, Travelocity, and Orbitz, that offer for sale the services of more than one airline to conform to the requirements of Part 255, and has the legal authority to amend the regulations to cover the conduct of such on-line “ticket agents.”

Moreover, if the Department does decide to retain the CRS rules, there is no sound basis for failing to extend those rules to on-line ticket agents that sell the services of more than a single carrier. As noted above, a core underpinning

of the CRS regulations, according to both the Department and the CAB, was to protect consumers from deception, caused by display bias, as to their fare and schedule options. Furthermore, the risk of that deception is higher in the case of consumers finding for themselves on the Internet than in the case of those consumers who purchase tickets from professional travel agents.

Carrier web sites

As to carrier web sites, like Orbitz, the jurisdictional question is not a difficult one. Orbitz can be regulated directly under Section 411 pursuant to the Department's power to regulate carriers (along the lines of traditional CRS system regulation) or ticket agents as described above. As we have said previously, however, we recognize the policy reasons for not extending the regulations to single carrier web sites. We have little doubt that travelers expect single carrier web sites will be biased in favor of operator.

Sabre does not advocate the extension of the CRS rules to single carrier web sites. However, we can see no reason in law or logic why multi-carrier web sites should not be covered by the CRS rules since sites that offer the services of multiple carriers have a potent, implied aura of neutrality. This, generally, is the approach taken by both the EU and Canadian CRS rules.

Degree of ties with one or more airlines

The Department has also asked whether it needs to consider the degree of the ties between a system and the carriers in its deliberations about the regulations. On its face, the strength of links to airlines does not appear to be a valid or workable line of demarcation. It makes no difference in terms of impact

on consumers whether bias is introduced directly into a site by airlines that own a system or as a consequence of an agreement struck by the airlines with an independent entity. If the Department is convinced that screen bias, for example, is a pernicious practice, then the identity and ownership of the system engaging in the practice is truly irrelevant. Accordingly, if the Department decides that bias in the display of airline services should continue to be banned, it should extend that prohibition to all electronic distribution outlets that offer the services of more than one airline and should modify the definition of “systems” to reflect that substantive change.

If the Department should be concerned about its authority to regulate directly CRSs or web sites that are not airline owned, it can, as the Department has acknowledged, regulate participation in those systems by airlines – over which its authority is undeniable.

IV. Should the Rules Extend to the Internet?

There is no difference between the distribution of travel over a proprietary network (*i.e.*, the traditional CRS model), and distribution over the Internet through web sites offering the services of many carriers. If one channel is to be regulated, the same rationale requires that the other be as well. As noted by Sabre in its original comments to this docket, only minor modifications to the text of the existing regulations are needed to accomplish this.

On-line travel agency (third-party) web sites v. web sites operated by carriers?

Web sites offering the services of multiple carriers should be subject to the same obligations as a traditional CRS system, and carriers that own an

interest in such web sites should be subject to the same obligations to treat competing systems and sites fairly that are imposed on carriers that are “system owners” of traditional CRSs. Travel web sites operated by non-airline entities should be required to comply with the anti-bias and non-discrimination provisions of the rules if that system offers the flights of more than one carrier. This would capture Expedia, Travelocity, and “Orbitz-like” systems.

Should on-line agencies be treated differently than traditional agencies?

If the Department decides to maintain CRS regulations, then it should apply those regulations to on-line travel agencies. The identical policy considerations that have caused CAB and DOT for over one and one-half decades to treat CRS systems differently from other channels of airline distribution, such as airline reservations and ticket offices, dictate that on-line agencies be subject to a heightened duty of fairness and neutrality.

On-line agencies are more than just travel agents; they are hybrids with many of the same attributes as traditional CRS systems. In the case of traditional CRSs, travel agents use the computerized searching and booking tools to find flights and fares, using systems that feature the services of numerous airlines. In the case of on-line agencies, consumers use the computerized searching and booking tools to find flights and fares, using systems that feature the services of numerous airlines. If anything, the need to protect individual consumers shopping on their own for flights from surreptitious bias in the presentation of flight and fare options is more compelling than in the case of travel agents using CRSs -- since those agents will know far more about the

available options. Indeed, a common question heard at recent industry forums is whether consumers in the EU and Canada are deserving of more protection than U.S. consumers when it comes to purchases of travel over the Internet?

The terms for participation in the Internet channel?

In the Notice, the Department asks whether “airlines [are] able to participate in on-line services on reasonable terms?” Sabre strongly believes the answer to this question is “yes.” While carriers have complained that the cost of distribution through on-line agents is not as low as they would like, the fact is that the airlines in large measure hold the reins to control those costs. On that score, most of the big airlines have fully exercised the ability to lower costs in the on-line arena by setting very low commissions, capped at \$5 per one way ticket and \$10 per round trip.

To the extent that the regulations were extended to the Internet, Part 255.7 would impose on the carriers owning 5% or more of the equity of such on-line systems an obligation not to discriminate against competing systems with respect to the nature and level of participation. However, those obligations are only applicable if the system requesting the improved level of participation offers commercially reasonable terms. To Sabre’s knowledge, this approach of “commercial reasonableness, has worked exceedingly well since its adoption by the Department in 1992. We do not believe that over the last eight years a single proceeding has been brought requesting the Department to define or determine what are “commercially reasonable” rates. That is because the industry, in practice, knows what the standard means.

With respect to costs, Sabre has taken steps to give carriers lower cost distribution by introducing its Clearance Fare Outlet (“CFO”) product earlier this year. This product allows carriers to distribute distressed inventory through the huge Sabre network at a 33% savings off the usual booking fee. (See Attachment B.) Several smaller carriers have already begun to take advantage of this innovative product. Sabre hopes that the larger carriers will change their minds and begin to take advantage of the cost savings associated with distributing their distressed inventory through this product.

The myth of excessive CRS costs

Related to the question of whether carriers are offered reasonable terms for participation in the Internet channel, is the myth of “monopoly” pricing of CRS services. The newest piece of propaganda posited by some in the industry is that CRS fees have risen by over 1400% since 1983. This claim is nothing short of an outrageous twisting of the facts by people who should know better.

As the Department is well aware, CRS booking fees were unregulated prior to 1984 and the airlines that controlled CRS systems discriminated based on carrier identity with respect to the fees charged. As the CAB observed in the rulemaking that culminated in the first set of CRS regulations, some carriers paid nothing or \$.25 per booking, while others paid as much as \$3.60 per booking (**in 1983 dollars**). (See 48 F.R. 41141, 41176 (September 14, 1983)). Importantly, until the advent of regulation, the CRS industry did not depend on fees from carriers and travel agents to fund the operation of the systems. Rather, and as

the CAB found, the CRS industry was supported economically by the incremental airline revenues the CRS owners derived from biased displays.

After the industry was regulated in 1984 to ban bias, the business model for CRSs was fundamentally changed to one that relied on income from fees paid by users of the systems. On the very first day of this new era, November 14, 1984, Sabre's fee for full availability (the highest level of participation available at that time) was \$1.75 -- **for everyone**. Sixteen years later, the price for that same level of service is \$3.10.⁴ This is a cumulative increase over 16 years of 77%, and an average yearly increase of around 3.64%. For reference, during this same time period, the annual rate of inflation, was 3.16%. In short, this is not the health care industry and the facts hardly support an indictment of CRS booking fees. Those facts might, however, raise serious questions about the candor of the authors of the claim that fees were up a stunning 1400 percent.

As a percentage of the average fare, Sabre CRS fees today account for only 1.5% of the average fare, down slightly from 1995. While every buyer wants services to be cheaper, Sabre thinks that CRS services are truly a bargain in both absolute and relative terms. Ticketmaster, for example, charges over 15% of the average ticket price for its services (an average fee of \$6.71 per event ticket on an average ticket price of about \$43). Ebay charges almost 7% of the average selling price for its service.

⁴ In 1984, Full Availability was the only level of participation available in the Sabre CRS. Over the years, Sabre and the other CRS systems have developed higher levels of connectivity, including real time connections. The fees for those levels of participation are higher than the Full Availability level. For example, in the U.S., the current fee for a Direct Connect Availability segment is \$3.77.

To be blunt, Sabre finds almost other-worldly big carrier complaints about booking fees. These same big airlines started and controlled all CRS systems until very recently. Booking fees have risen since 1984 only when and to the extent the airline owners allowed them to do so. Even today, airlines **control** Worldspan and Amadeus (and held controlling interests in Galileo and Sabre until the last year.) Yet, the Worldspan booking fee increase for year 2000 was nearly the highest in the industry.

The same airlines that own (or owned) the traditional CRS systems (about which they complain) now own Orbitz. These carriers have stated they intend to use Orbitz to lower their distribution costs. Based on the testimony of Kenneth Mead before the Senate, it appears that Orbitz will rebate to the carriers all of the booking incentives it receives from Worldspan, resulting in a 1/3 discount off the standard Worldspan booking fee. This raises another interesting question: if these carriers did not own and control Orbitz, would an independent on-line travel agent-system, in an arms-length negotiation, turn over all of its CRS incentive to carriers? If the answer to that question is "no", then one really should not look to Orbitz as the measuring stick of commercially reasonable fees.

What is the real cost of an Internet booking?

Another area in the debate over costs are questions regarding how much carriers save by distributing over the Internet. For example, in the Notice, the Department recites as a factoid that a booking made through a carrier's own web site costs \$6.00, while a booking made through an on-line agency system costs

\$20.00. (See 65 F.R. at 45555.) Sabre lacks sufficiently detailed information to challenge these numbers, but we are skeptical.

We know from experience that certain costs of the airlines may not have been taken into account in the estimate of the carrier's costs of web site booking from its web site. For example, when a booking is made through the on-line agency, the on-line agency absorbs a large number of expenses in connection with the operation of that site, such as marketing costs, infrastructure costs (servers, etc.), programmer costs, messaging costs, customer service costs (including call centers and ticket fulfillment), and data costs, *i.e.*, the cost of schedules, fares, fare calculation (especially if information on carriers other than the web site owner is available over the web site).

In arriving at the \$6.00 figure for an internal web site booking, have the carriers included or excluded each of the above items that they would now have to bear directly? We note, for example, that in the case of Orbitz this entity has publicly announced a \$100,000,000 budget for marketing and advertising. For recent reports, it appears that the airline owners are being required to put up all, or nearly all, of that enormous sum. If that cost (or even half of it) is spread across the bookings on the five owning carriers' flights, it is hard to see how Orbitz could be anything but more expensive per booking than the existing CRSs and on-line agencies. As to staffing, it is a huge mistake to think that Internet bookings do not require a large support staff to provide customer service. Because even Internet bookers make frequent calls to the organization through

which they made their reservations on-line, Travelocity has more than 900 telephone support personnel.

Similarly, in the case of on-line agencies, carriers control the commission levels. Does the \$20.00 figure cited by the Department include or exclude commission? To the extent this type of comparative costs data affects the Department's deliberations, the numbers need to be carefully scrutinized. The Department needs to ensure it is looking at an "apples to apples" comparison.

How does the DOT best protect consumers?

If the Department is looking for ways to assure the public that on-line web sites are not deceptive, the solution is not radical. The best way to protect consumers in the Internet channel is to:

- (a) extend the existing regulations to cover Internet web sites that offer the services of more than one carrier (and hence are ostensibly neutral), whether or not they are owned by airlines. Alternatively, if the Department is prepared to apply the rules only to sites having airline affiliation, it should extend the rules to cover any web site that (i) is owned in whole or in part by, or marketed by, air carriers or foreign air carriers and (ii) offer the services of more than one carrier.
- (b) keep mandatory participation for carriers that own more than five percent of a system ("system" now including multicarrier websites as described above). As noted above, this will afford DOT an ability to incentivize non-airline systems it may not want to regulate

directly to opt into the CRSs regulations. Non-owner carriers would remain free of such obligations, as is the case under the rules at present;

- (c) clarify the mandatory participation obligations for owner carriers in 255.7 regarding functionality and information to make it clear that those obligations include both the provision of all necessary competitive functionality (e.g., frequent flier access/redemption) and all fare information made available to their own systems, including off-tariff, non-published fares);
- (d) keep the non-discrimination provisions imposed on systems in 255.5 and 255.6, including the relief from so called “parity clauses” as set out in 255.6(e)

Participation in the system services provided on-line travel agencies

The Department also notes Delta’s request that carriers not be required to distribute their services through system services provided to on-line agencies. Delta wants a rule that would limit CRS contracts to distribution to “traditional” travel agents only. Delta, and others, have alleged that the on-line channel was subject to abuse by consumers and that systems were, in essence, illegally tying distribution to “brick and mortar” travel agencies with distribution to “on-line” agencies, the latter not necessarily being desired by the carrier. Sabre responded in detail to these complaints in its original comments and reply comments.

Three years later, the arguments carriers made regarding their reluctance to sell through on-line agencies ring even more hollow. First, the concerns expressed by airlines a few years ago about the “risks” of distributing their flights on-line have proven to be unfounded. Sabre has worked with the industry to enact many safeguards regarding Internet distribution, and we are unaware of any significant issues regarding “abuse” of carrier inventory, etc. involving the Internet. On that subject, we note that in Travelocity a consumer is programmatically restricted from holding a reservation on any carrier for more than 24 hours unless payment by credit card is made.

Because of these types of controls, we believe that carriers are now comfortable with the concept of, and benefits emanating from, on-line agency distribution. This must be so given the creation of Orbitz and the fact that twenty-seven carriers will be distributing through that on-line channel.

Carriers also have a fearsome arsenal at their disposal in the event problems with “abuse” should arise in this channel. In addition to working with the systems and on-line agencies to address problems, the carriers can limit commissions, impose and enforce even more stringent ticketing restrictions (e.g., require “instant ticketing”), and take other measures.

Second, as a legal matter, the Sabre system is one system. Distributing through Sabre requires distribution through all the channels of the Sabre system, and it has been that way from the inception of the industry. Consequently, there is no “tying” at issue. Sabre distribution is one product.

Finally, in terms of the benefits and risks to carriers of selling their products through travel agencies, Sabre fails to see what difference it makes if the subscriber is a traditional agency, an on-line agency, or a traditional agency with a web site. While we can understand why carriers that now own an on-line agency might want to hamstring their on-line competitors (by withholding the data and facilities on their flights the competitors need), we cannot understand how that motive could be viewed as legitimate.

With the five largest carriers in the U.S. now owning an interest in an on-line agency, requiring systems to provide airlines the right to “opt out” of on-line agencies could kill the independent, neutral Internet channel. In that case, all of the benefits consumers have enjoyed with respect to “24/7” access to unbiased and complete travel information over the web could disappear, certainly over the long term, as big airlines seize control of the Internet portals through which consumers view their travel options.

The blueprint for what happens to consumers when and if airlines succeed in reclaiming control of airline distribution from independent, neutral distributors “critical mass” has already been written by BCG – the architects of Orbitz. It is no coincidence that just as the authors of *Blown to Bits* urged suppliers to “subtly bias” the displays and to “conceal” the relationship of the Internet portal with suppliers, Orbitz is publicly proclaiming that it is truly independent of the five big airlines that own all (or at least most all) of its stock and nominate its Board of Directors. We would all “pay no attention to the man behind the curtain” at our peril.

IV. Conclusion

Sabre would not object if the Department chooses to retain CRS regulations. If that is the Department's decision, however, these regulations will need to be updated to reflect changes that have occurred in the travel distribution industry since 1992. In particular the rules should be expanded to cover travel sites that offer the services of more than a single carrier. It would appear fatally inconsistent for the Department to conclude, on the one hand, that the rules remain necessary to protect travelers who booked through travel agents against the "evils" of biased CRS displays but that, on the other, travelers who used their home PCs to shop for travel on the Internet were fair game.

The use of the Internet by consumers to book travel can no longer be dismissed as too trivial to be a matter of regulatory significance. As noted by Kenneth Mead in his testimony before the Senate Commerce Committee on July 20, 2000, in 1999, on-line travel sales accounted for nearly \$8 billion and that figure is expected to reach \$29.4 billion by 2003. (p.5). While the changes to the existing rules to effect an extension are minor, the benefits are enormous as they will (i) protect consumers from the very sort of deception through bias that the rules have long banned and (ii) assure that independent and neutral suppliers of

flight information – whose interests are aligned with those of the consumers – will remain robust competitors of those distribution channels controlled by the country's largest carriers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David A. Schwarte", written over a horizontal line.

DAVID A. SCHWARTZ
Executive Vice-President &
General Counsel
STERLING L. MILLER
Senior Managing Attorney

Sabre Inc.

Attachment A

Airline Charter Associate Agreement

This agreement ("**Agreement**"), effective on the date set forth on the signature page hereof (the "**Effective Date**"), is entered into by and between DUNC, LLC, a Delaware limited liability company ("**Company**"), and the undersigned airline ("**Airline**")

Introduction

Company wishes to provide a service that allows consumers to purchase airline tickets and other travel products and services via the Internet. Airline desires to participate in the Company Site as an Airline Charter Associate on the terms and conditions set forth in this Agreement. In consideration of the covenants and agreements set forth in this Agreement, the parties agree as follows:

1. **Definitions.** The terms defined in **Exhibit A** will have the meaning assigned to them for the purposes of this Agreement.

2. Airline Participation in the Company Site

2.1 Schedule, Fare and Seat Availability Information

(a) Airline shall use reasonable commercial efforts to provide complete, timely, and accurate information on its Schedules, Published Fares, and Seat Availability (together, "**Air Travel Information**") to Company at no charge and with the same frequency, and no later than, Airline provides Air Travel Information to its Airline Internet Site, Airline Internal Reservation System, or Alliance Partner Site. Airline shall provide Company with nondiscriminatory access to Seat Availability for Published Fares for passengers yielding comparable net revenue values in comparable fare classes in the Airline Internal Reservation System, Airline Internet Site, or Alliance Partner Site. Airline shall provide Air Travel Information in a manner so that all such data is available to Company for airline bookings on the Company Site without the need for a link to the Airline Internal Reservation System, Airline Internet Site, or Alliance Partner Site.

(b) To the extent that Airline offers any of the following in connection with the display or sale of Air Travel fulfilled through an Internet Travel Provider Site: (i) Published Fares, (ii) Schedules, (iii) Seat Availability, (iv) Service Enhancements, (v) frequent flyer program account information, (vi) frequent flyer promotions (including, but not limited to, mileage promotions), (vii) functionality or processing of frequent flyer transactions, or (viii) the purchase, sale or redemption of frequent flyer miles, Airline shall offer Company the same on a **MLN** Basis.

(c) Company acknowledges and agrees that, as between Company and Airline, Airline is the owner of (i) all information provided by Airline to Company pursuant to Sections 2.1(a) and (b), and (ii) all other Airline information relating to, derived from, or used to create Fares, Schedules, Seat Availability, Airline reservations, passenger name records (PNRs) relating to Airline passengers, Airline tickets sold, real time flight information, and all related data (collectively, the "**Airline Data**"). Airline hereby grants to Company, during the Term, a limited, non-exclusive, non-assignable, non-transferable license, without the right to sublicense, to use the Airline Data solely for purposes of Company advertising and promotions (subject to the terms of Section 5 hereof) and for operating the Company Site, provided, that any such use may not involve Company disclosing the Airline Data to any third party. Airline retains all right, title and interest in and to the Airline Data and all copyright and other intellectual property rights relating thereto, subject to the license granted herein to Company. Company shall not sell, transfer, license, market or otherwise distribute the Airline Data to third parties without Airline's prior written consent.

(d) Notwithstanding Section 2.1(c), Company may (i) create customer profiles of Persons purchasing Airline services from the Company and offer targeted promotions to such Persons, and (ii) offer to Persons purchasing Airline services other non-Airline products and services such as hotel, rental car, cruise line, vacation package, insurance, credit card, and other products and services; provided, however, that in all cases Company shall not (x) offer the Airline Data directly or indirectly to any other air carrier, (y) use the Airline Data for the direct benefit of any other air carrier or (z) use the Airline Data for promotions or customer offers unless the Airline Data is included as part of a larger generic database of airline customers which includes all airline customers on the Company Site in a city, city pair, country pair, region or other demographic market or geographic area, such that the database could not be used to identify Airline's passengers, Airline's frequent flyer members or purchasers of Airline's services through the Company Site.

(e). The inadvertent and infrequent failure by Airline to comply with its obligations set forth in Section 2.1(a) or (b) shall not be considered a breach hereof so long as, once discovered by Airline or brought to its attention, Airline prospectively cures such failure to comply as soon as reasonably practicable but in any event within twenty-four (24) hours in the case of obligations set forth in Section 2.1(a) and seven (7) days in the case of obligations set forth in Section 2.1(b).

2.2 Marketing Support

(a) Airline shall provide Company with In-Kind Promotions (a) during the initial twelve (12) month period of this Agreement, with a dollar value equal to Airline's Market Share multiplied by __ million U.S. dollars (US\$ __), and (b) in each subsequent twelve (12) month period in an amount equal to __ percent (__%) of Airline's Travel Revenue during the immediately preceding twelve (12) month period not to exceed __ million U.S. dollars (US\$ __)

during any twelve (12) month period following the initial twelve (12) month period of this Agreement. Airline's In-Kind Promotions shall be implemented in accordance with the valuation methodology set forth in **Exhibit B**. Company and Airline shall mutually determine the timing and value of each In-Kind Promotion by mutual agreement of the parties. If either party proposes In-Kind Promotions that are not listed in **Exhibit B**, the parties shall work together in good faith to value such In-Kind Promotions. Airline's In-Kind Promotions shall be used solely to promote Company's primary Internet site unless otherwise agreed by the parties.

(b) The parties shall mutually determine a promotional plan to implement In-Kind Promotions to satisfy the Airline's obligations and the schedule for such promotions. Promotional plans shall be prepared on a calendar quarter basis at least thirty (30) days in advance of each calendar quarter. Airline shall provide such In-Kind Promotions in accordance with such plans and schedules.

(c) Company shall provide Airline with a quarterly report of Airline's In-Kind Promotions completed and the balance of Airline's obligation to provide In-Kind Promotions as described above.

2.3 Company and Airline shall each assign individuals to serve as account managers who shall be responsible for the implementation of this Agreement. Each party may change its account manager upon written notice to the other party. The account managers will coordinate Airline's initial submission of Airline Data to Company in connection with the launch date of the Company Site, and each party will take steps the other reasonably requests in connection with the testing and implementation of the Airline ticket sales on the Company Site.

2.4 For Services provided by Company to Airline, Airline agrees to pay Company the greater of (i) the amount determined by Airline from time to time or (ii) the amount per transaction set forth in **Exhibit C**. Company agrees that during the Term it will not charge any other airline for similar services any amounts that are lower than the amounts set forth on **Exhibit C**.

3. Obligations of Company

3.1 Company agrees to display Airline's Air Travel Information on the Company Site in accordance with this Section 3.1. Except in response to a customer request, Company shall display all airline information in an integrated display, and Company shall ensure that any integrated display of multiple airline schedules, fares, rules, seat availability or other flight information on the Company Site is displayed in an unbiased manner, and that the order of information in such integrated display is made on the basis of service criteria that do not reflect carrier identity and that are consistently applied to all carriers, including each carrier that has an ownership in the Company, and to all markets.

3.2 On a quarterly basis, Company shall pay Airline percent (%) of the rebate earned directly or indirectly by Company from its CRS supplier(s) for transactions relating to

Airline tickets sold through the Company Site (the "**Quarterly Rebate**"). In no event shall the Quarterly Rebate, when divided by the number of Airline tickets issued by the Company Site during a calendar quarter period, be (a) less than U.S. dollar (US\$) per ticket or (b) more than dollars (US\$) per ticket. Company shall pay the Quarterly Rebate within sixty (60) days following the close of each calendar quarter period. Airline has the right to audit the rebate calculation at its expense and in a commercially reasonable manner at a mutually agreed upon time and location.

3.3 During the Term, Company shall provide Airline and other Airline Charter Associates with (i) the same terms and conditions for the commercial arrangements set forth in Section 2 (Airline Participation in the Company Site) and Section 3 (Obligations of the Company), and (ii) the opportunity to participate in Company in-kind promotions, opportunities to sell Airline's tickets on the Company Site through tour or travel packages that bundle air transportation, car rental and hotel services, Company air travel promotions and other Company marketing programs and opportunities on substantially equal commercial terms that are equal to or better than the most favorable terms offered by Company to any other airline, regardless of sales volume.

3.4 Company shall be entitled to suspend the payment of the Quarterly Rebate to Airline, and withhold from Airline the benefits described in Sections 3.2 and 3.3 above, (i) if Airline has failed to provide Company with the In-Kind Promotions in accordance with Section 2.2, or (ii) if Airline and Company have been unable to reach agreement on the promotional plan described in Section 2.2(b); provided, that the exercise of Company's right to suspend payment shall be without prejudice to any other remedies Company may have for breach of this Agreement.

3.5 At the request of Airline, Company shall, subject to technical and financial constraints, use its reasonable business efforts to connect directly to the Airline Internal Reservation System for Published Fares, Schedules and Seat Availability information so as to eliminate the need for a CRS link for such data; *provided*, the presence or absence of any financial incentives to Company from one or more CRS shall not be considered a technical or financial constraint or used for purposes of determining reasonable business efforts.

3.6 The parties agree to undertake reasonable commercial efforts to develop and implement distribution technologies that lower the cost of distributing Airline's products and services through the Company Site, including but not limited to electronic ticketing and interline e-ticketing.

4. Confidentiality

Each party shall take reasonable measures to protect the secrecy of and avoid disclosure and unauthorized use of the Confidential Information of the other party, including, without limitation, taking at least those measures that it takes to protect its own highly confidential information. Upon the expiration or termination of this Agreement, each party shall deliver to the other party all of such other party's Confidential Information that such party may have in its possession or control. Neither party shall disclose any terms of this Agreement to any third

party if such disclosure is without the consent of the other party, except to such party's accountants, attorneys and other professional advisors, provided such advisors are bound by a duty of confidentiality. Upon the execution of this Agreement, each party may issue one or more press releases disclosing the execution of this Agreement and each party shall use its reasonable business efforts to coordinate all such press releases with the other party hereto.

5. Proprietary Marks.

During the Term, subject to the terms of this Section 5, Company may refer to the trade name of Airline ("**Airline Marks**"), solely for the purpose of fairly and accurately describing and referring to the Company Site. Without limiting the foregoing, Company may identify Airline as an Airline Charter Associate by adding a suitable descriptive explanation on the Company Site, on promotional material for the Company Site, and in non-advertising textual materials, including for example press releases, product announcements, and general corporate communications. Company shall inform Airline of the details of any use of the Airline Marks. Company agrees not to use the Airline Marks in any manner that could reasonably be expected to have an adverse impact on the goodwill attached to such Airline Marks or on the corporate image of Airline. In such circumstances, Airline shall have the right to reasonably request Company to cease or to modify any particular use.

6. Term of Agreement

6.1 Term. This Agreement will commence on the Effective Date, and will continue for an initial term of one (1) year. After the initial term, this Agreement will continue in effect; provided, either party may terminate this Agreement for any reason or no reason upon thirty (30) days prior written notice to the other party. This Agreement shall automatically terminate in the event that reservations for air transportation have not been made or air transportation services have not been sold on the Company Site within twelve (12) months following the execution of this Agreement, in which case neither party shall have any claim or obligation hereunder except as described in Section 6.3.

6.2 Termination For Breach. Either party may terminate this Agreement at any time if the other party is in breach of its obligations hereunder and has failed to fully cure such breach within thirty (30) days following the breaching party's receipt of notice of such breach; provided, that with respect to a breach of this Agreement by Airline under Section 2.1(a) or (b), the Company may terminate this Agreement if Airline's breach of Section 2.1(a) or (b) is not remedied as provided in Section 2.1(e); and provided further that Company's breach of the Airline Reporting Corporation Agent Reporting Agreement with the Airline Reporting Corporation or the addendum of Airline to that agreement shall be automatically deemed a breach of this Agreement permitting Airline to terminate this Agreement unless such breach is cured by Company within thirty (30) days following Company's receipt of notice of such breach.

6.3 Survival. The obligations of the parties under Sections 4 and 8 will survive the expiration or any termination of this Agreement for a period of five (5) years. In the event that this Agreement is terminated at a time when Airline has not satisfied its obligation to provide In-Kind Promotions under Section 2, such obligation will survive the termination of this Agreement as to the balance of In-Kind Promotions owed to Company as of the effective date of termination; provided, that Airline may satisfy such obligation through In-Kind Promotions or through an equivalent cash payment to Company.

7. No Exclusivity

The relationship between Airline and Company as set forth in this Agreement will be non-exclusive. Therefore, subject to Section 2, Airline may participate in other Internet travel sites similar to the Company Site, and this Agreement will not confer any rights on one party to restrict the other party's ability to offer Published Fares or to do business, or choose not to do business, with any other airline, Internet Travel Provider Site or any other entities.

8. Indemnity and Warranties

8.1 Warranty Disclaimer. During the Term, Company shall use reasonable efforts to maintain the availability of the Company Site but is not responsible or liable for any interruptions or delays in the operation of the Company Site. **NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER ORAL OR WRITTEN, WHETHER EXPRESS, IMPLIED, OR ARISING BY STATUTE, CUSTOM, COURSE OF DEALING OR TRADE USAGE, WITH RESPECT TO THE SUBJECT MATTER HEREOF, IN CONNECTION WITH THIS AGREEMENT. EACH PARTY SPECIFICALLY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

8.2 Indemnity.

(a) Company will indemnify, defend, and hold harmless Airline, its directors, officers, employees, and agents (each, an "**Indemnified Party**"), from and against all Losses connected with the furnishing of any services or data by Company pursuant to this Agreement (including but not limited to actual or alleged infringement or misappropriation of any trade name, patent, copyright, trade secret or other property right based on any software, program, service and/or other materials furnished by Company hereunder, including the Company Site); provided, the foregoing shall not apply to the extent of claims or liabilities resulting from the negligence or willful misconduct of Airline, its directors, officers, employees or agents.

(b) If any action, claim or other proceeding shall be brought against any Indemnified Party, and it shall notify Company of the commencement thereof, Company shall be entitled to assume the defense thereof at its own expense, with counsel satisfactory to such Indemnified Party in its reasonable judgment; provided, however, that any Indemnified Party may, at its own expense, retain separate counsel to participate in such defense at its own expense.

Notwithstanding the foregoing, in any action, claim or proceeding in which both Company, on the one hand, and an Indemnified Party, on the other hand, are, or are reasonably likely to become, a party, such Indemnified Party shall have the right to employ separate counsel at the reasonable expense of Company and to control its own defense of such action, claim or proceeding if, in the reasonable opinion of counsel to such Indemnified Party, a conflict or potential conflict exists between Company, on the one hand, and such Indemnified Party, on the other hand, that would make such separate representation advisable, provided, however, that Company shall not be liable for the fees and expenses of more than one counsel to all Indemnified Parties. Company agrees that it will not, without the prior written consent of the Indemnified Party, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated hereby (if any Indemnified Party is a party thereto or has been actually threatened to be made a party thereto) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising or that may arise out of such claim, action or proceeding. Company shall not be liable for any settlement of any claim, action or proceeding effected against an Indemnified Party without Company's written consent, which consent shall not be unreasonably withheld.

9. General Provisions

9.1 Nonassignment/Binding Agreement. Neither this Agreement nor any rights under this Agreement may be assigned or otherwise transferred, in whole or in part; however, either party may assign all of its rights and obligations hereunder in connection with a sale of all or substantially all of its assets, or a merger or consolidation, without the prior written consent of the other party. Subject to the foregoing, this Agreement will be binding upon and will inure to the benefit of the parties and their respective successors and assigns. Any assignment in violation of the foregoing will be null and void.

9.2 Independent Contractors. The relationship of the parties under this Agreement is that of independent contractors. Neither party will be deemed to be an employee, agent, partner or legal representative of the other for any purpose and neither will have any right, power or authority to create any obligation or responsibility on behalf of the other.

9.3 Notices. Any notice required or permitted under the terms of this Agreement or required by law must be in writing and must be (a) delivered in person, (b) sent by first class registered mail, or air mail, as appropriate, or (c) sent by overnight air courier, in each case properly posted and fully prepaid to the appropriate address set forth on the signature page of this Agreement. Either party may change its address for notice by notice to the other party given in accordance with this Section 9.3. Notices will be considered to have been given as of the date received by the intended recipient. Address for notices shall be as listed for Company and Airline on the signature page of this Agreement.

9.4 Waiver. Any waiver of the provisions of this Agreement or of a party's rights or remedies under this Agreement must be in writing to be effective. Failure, neglect, or delay by a party to enforce the provisions of this Agreement or its rights or remedies at any time will not be

construed as a waiver of such party's rights under this Agreement and will not in any way affect the validity of the whole or any part of this Agreement or prejudice such party's right to take subsequent action. No exercise or enforcement by either party of any right or remedy under this Agreement will preclude the enforcement by such party of any other right or remedy under this Agreement or that such party is entitled by law to enforce.

9.5 Severability. If any term, condition, or provision in this Agreement is found to be invalid, unlawful or unenforceable to any extent, the parties shall endeavor in good faith to agree to such amendments that will preserve, as far as possible, the intentions expressed in this Agreement. If the parties fail to agree on such an amendment, such invalid term, condition or provision will be severed from the remaining terms, conditions and provisions, which will continue to be valid and enforceable to the fullest extent permitted by law.

9.6 Integration. This Agreement (including the Exhibits hereto) and the Mutual Nondisclosure Agreement between Airline and Company contain the entire agreement of the parties with respect to the subject matter addressed therein and supersede all previous communications, representations, understandings and agreements, either oral or written, between the parties with respect to said subject matter. No terms, provisions or conditions of any purchase order, acknowledgement or other business form that either party may use in connection with the transactions contemplated by this Agreement will have any effect on the rights, duties or obligations of the parties under, or otherwise modify, this Agreement, regardless of any failure of a receiving party to object to such terms, provisions or conditions. This Agreement may not be amended, except by a writing signed by both parties.

9.7 Governing Law. This Agreement will be interpreted and construed in accordance with the laws of the State of Delaware and the United States of America, without regard to conflict of law principles. All disputes arising out of this Agreement will be subject to the exclusive jurisdiction of the state and federal courts located in Delaware and each party hereby consents to the personal jurisdiction thereof.

9.8 Compliance with Laws. The Company agrees to operate the Company Site in accordance with all applicable laws and regulations.

9.9 LIMITATION OF LIABILITY. EXCEPT FOR INDEMNIFICATION OBLIGATIONS PURSUANT TO SECTION 8.2 RELATING TO LIABILITIES TO THIRD PARTIES WITH RESPECT TO ACTUAL OR ALLEGED INFRINGEMENT OR MISAPPROPRIATION OF ANY INTELLECTUAL PROPERTY RIGHTS, AND EXCEPT FOR A BREACH OF ANY CONFIDENTIALITY OBLIGATIONS HEREUNDER, NO PARTY WILL BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOST REVENUES, LOST PROFITS, OR LOST PROSPECTIVE ECONOMIC ADVANTAGE, ARISING FROM THIS AGREEMENT OR ANY BREACH HEREOF.

9.10 **Anti-Fraud Measures.** Company agrees to use reasonable commercial efforts to prevent ticket and payment (including credit card) fraud with respect to tickets issued by Company for travel on Airline.

9.11 **Counterparts.** This Agreement may be executed in counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the date indicated below:

DUNC, LLC:

AIRLINE:

By: _____

By: _____

Title: _____

Title: _____

Effective Date: _____, 2000

Address for Notices pursuant to Section 9.3:

If to Company:

If to Airline:

The Boston Consulting Group
200 South Wacker Drive
Chicago, Illinois 60606

Attention: Carl D. Rutstein
Phone: 312-993-3300
Fax: 312-876-0771

Attention:
Phone:
Fax:

EXHIBIT A

For purposes of this Agreement, the defined terms set forth below will have the meanings assigned to them:

"Affiliate" means, with respect to any Person, any other Person that has a relationship with such Person whereby either of such Persons directly or indirectly Controls or is Controlled by or is Under Common Control with the other of such Persons, provided, however, that notwithstanding the foregoing and regardless of any relationship between them, Airline shall not be deemed to be an Affiliate of the Company.

"Air Travel" means scheduled passenger air transportation services (i) within, between or among the United States, Canada and Mexico, or (ii) from the United States, Canada or Mexico to a different third country; provided, that the exit point (origin of travel) is in the United States, Canada, or Mexico.

"Air Travel Information" has the meaning set forth in Section 2.1(a).

"Airline Charter Associate" means Airline, and any other carrier that enters into an agreement with the Company substantially similar to this Agreement.

"Airline Data" has the meaning set forth in Section 2.1(c).

"Airline Internal Reservation System" means the computerized system used by Airline employees that contains information about the Schedules, Published Fares and Seat Availability of Airline, and provides Airline employees with the ability to make reservations or sell air transportation services offered by Airline to Airline customers.

"Airline Internal Reservation System Fares" means Fares that are offered for purchase by the general public through the Airline Internal Reservation System, but excluding Unpublished Fares.

"Airline Internet Site" means an Internet site branded exclusively under Airline's trademark, service mark or trade name to Airline customers which contains information about the Schedules, Published Fares and Seat Availability of Airline, and provides Airline customers with the ability to review, make reservations or purchase air transportation services offered by Airline.

"Airline Marks" has the meaning set forth in Section 5.

"Alliance Partner" means a Person with whom Airline has entered into either (i) a codesharing arrangement whereby Airline markets and sells tickets using its two letter designator code in the carrier code box of a flight coupon for a flight where the other Person has operational control of the aircraft or vice versa or (ii) a reciprocal frequent flyer program relationship.

"Alliance Partner Site" means an Internet site branded exclusively by Airline and any of its Alliance Partners under their airline alliance trademark, service mark or brand name and which contains information about the Schedules, Published Fares and Seat Availability of Airline and such Alliance Partners and provides customers of Airline and such Alliance Partners with the

ability to review, make reservations or purchase air transportation services offered by Airline and such Alliance Partners

"**Company Site**" means an Internet site branded under Company's trademark, service mark or brand name to Company customers that contains information about the Schedules, Published Fares, or Seat Availability of Airline and other travel suppliers and provides Persons with the ability to make reservations or to purchase air transportation services offered by Airline and other travel suppliers.

"**Confidential Information**" means any proprietary information disclosed by either party to the other party pursuant to this Agreement, either directly or indirectly, in writing, orally or by inspection of tangible objects, including any information which derives economic value, actual or potential, from not being generally known to, and not generally ascertainable by proper means by, other persons. Confidential Information will not, however, include any information which (i) was publicly known and made generally available in the public domain prior to the time of disclosure by the disclosing party; (ii) becomes publicly known and made generally available after disclosure by the disclosing party to the receiving party through no action or inaction of the receiving party; (iii) is already in the possession of the receiving party without obligation of confidentiality at the time of disclosure by the disclosing party as shown by the receiving party's files and records immediately prior to the time of disclosure; (iv) is obtained by the receiving party from a third party without a breach of such third party's obligations of confidentiality; (v) is independently developed by the receiving party without use of or reference to the disclosing party's Confidential Information, as shown by documents and other competent evidence in the receiving party's possession; or (vi) is required by law to be disclosed by the receiving party, provided that the receiving party gives the disclosing party prompt written notice of such requirement prior to such disclosure so that the disclosing party may seek an order protecting the information from public disclosure.

"**Controls**", "**Controlled**" and the phrase "**Under Common Control**" each means the possession, directly or indirectly, of the power, whether or not exercised, to direct or cause the direction of the management or policies of any Person, whether through ownership of voting securities, partnership interest, equity, by contract or otherwise.

"**CRS**" means a "system" within the meaning of 14 C.F.R. § 255.3.

"**CRS Fares**" means all Fares published by Airline in any CRS, but excluding Unpublished Fares.

"**Fares**" means prices charged by Airline for Air Travel where a Person's purchase of such Fares may be fulfilled through an electronic sales transaction via a CRS, Airline Internal Reservation System, Airline Internet Site, Alliance Partner Site or Internet Travel Provider Site.

"**In-Kind Promotions**" means advertising, marketing and promotions mutually agreed by the parties, including those described in **Exhibit B**.

"**International Carrier**" means an airline that is not a U.S. Carrier.

"**Internet**" means the world wide web or other similar data transmission or communications system.

"Internet Fares" means Fares that are offered for purchase by the general public through the Airline Internet Site or Internet Travel Provider Site, including without limitation, Fares offered to a targeted group of users of its Airline Internet Site, such as special Fares offered to such users by email, the Internet or via other electronic transmission where there is no good faith effort by Airline (or a Person acting on behalf of Airline) to limit such Fares to a targeted group, but excluding Unpublished Fares.

"Internet Travel Provider Site" means an Internet site that offers access to information concerning Airline's Schedules, Published Fares, and Seat Availability, and which is used by Persons to make reservations or purchase air transportation services offered by Airline in a Non-Opaque Manner. The Internet Travel Provider Site excludes the Company Site, the Airline Internet Site, the Alliance Partner Site and the Airline Internal Reservation System.

"Losses" shall mean any and all costs, demands, losses, claims (including any claim by a third party), liabilities, fines, penalties, assessments, damages, including, without limitation, interest, penalties, reasonable attorneys' fees and expenses and all amounts paid in proceedings, claims, complaints, disputes, arbitrations, investigations, defense or settlement of any of the foregoing.

"Market Share" means an amount calculated as a fraction, the numerator of which shall be the Airline's available seat miles with a point of origin in North America for the most recent calendar year, as reported by OAG, and the denominator of which shall be 1.2 trillion available seat miles (1,200,000,000,000 ASMs). In the event that Airline does not publicly report the data to OAG needed to compute its Market Share amount as set forth above, then Company may obtain the necessary data from Airline or substitute another measurement that results in a comparable measurement of Airline's Market Share.

"MFN Basis" means that Airline shall offer Company commercial terms and conditions equal to or better than the most favorable terms and conditions offered by Airline to any other Internet Travel Provider Site; provided, that MFN Basis shall not obligate Airline to delay or forego a commercial opportunity due to Company's inability to proceed with a similar commercial transaction with Airline for technical, financial or other reasons.

"Non-Opaque Manner" means the provision to a Person of information concerning Airline products or services where the Person is able to see the identity, schedules, availability, fares and price offerings of Airline prior to the purchase of such products or services.

"Opaque Pricing System" means the provision to a Person via the Internet of information, reservations, booking and ticketing services concerning airlines where the Person is unable to identify the specific airline offering the travel product or service prior to the purchase of such products or services.

"Person" means any individual, entity, firm, corporation, partnership, association, limited liability company, joint-stock company, trust, or unincorporated organization.

"Private Fares" means Fares filed in a private area of a CRS, Airline Internal Reservation System, Airline Internet Site, Alliance Partner Site, Company Site or Internet Travel Provider Site where access to such Fares is limited to a select group of travelers and there is a good faith effort by

Airline (or a Person acting on behalf of Airline) to limit the sales of such Fares to the targeted group.

"Promotional Fares" means discounts offered by the Airline to the general public on Published Fares, including but not limited to dollar (or other currency) reductions, percentage discounts, fare discounts based on passenger miles ticketed (excluding frequent flyer or other affinity based promotions), companion Fares, buy-one-get-one free Fare offers and similar programs. Promotional Fares include net Fares and consolidator Fares offered by an Internet Travel Provider Site in a Non-Opaque Manner.

"Published Fares" means all Fares, including without limitation, (i) CRS Fares, (ii) Airline Internal Reservation System Fares, (iii) Internet Fares, and (iv) Promotional Fares, but excluding Unpublished Fares.

"Quarterly Rebate" has the meaning set forth in Section 3.1.

"Schedules" means Airline's flight schedules for Air Travel as published in the Airline Internal Reservation System, the Airline Internet Site, a CRS or an Internet Travel Provider Site.

"Seat Availability" means information provided with respect to the seats Airline holds out as available for sale to the general public on a particular flight in screen displays of the Airline Internal Reservation System or Airline Internet Site.

"Services" means activities conducted by Company to Airline's benefit, including marketing, ticket distribution, and customer service and support.

"Service Enhancements" means any product or service offered by Airline to assist Persons in obtaining information about the Schedules, Published Fares, Seat Availability or other information of Airline, or to assist Persons in making or changing reservations or purchasing air transportation services offered by Airline, other than the basic display of information on Schedules, CRS Fares, and Seat Availability available from a CRS.

"Term" means the term of this Agreement, as described in Section 6.

"Travel Revenue" means the gross revenue value, exclusive of taxes and other government charges (including but not limited to, passenger facility charges, excise taxes, arrival and departure fees and similar government imposed charges), of ticket sales on the Company Site.

"Unpublished Fares" means (i) Private Fares, (ii) Fares offered through an Opaque Pricing System and (iii) Fares not generally available for purchase by the general public, including but not limited to corporate discounted Fares, tour operator Fares, off-tariff Fares, group Fares, meeting and incentive Fares, Fares that require the purchase of another product or service, or any other Fares targeted to a select group of travelers such as Fares offered to members of a club, frequent flyer program or other membership organization where there is a good faith effort by Airline (or a Person acting on behalf of Airline) to limit the sale of such Fares to the targeted group. Unpublished Fares include net Fares and consolidator Fares offered through an Opaque Pricing System. It shall be presumed that such a good faith effort has been made where the purchase of such Fares requires that a purchaser enter a non-public password or code number provided to the targeted group in order to access the Fares.

"United States" means the fifty (50) states of the United States of America plus the District of Columbia.

"U.S. Carrier" means a person, corporation or other entity that holds air transportation certificate authority issued by the United States Department of Transportation (or its predecessor, the Civil Aeronautics Board) pursuant to 49 U.S.C. §41102 or §41103, to operate flights within the United States.

EXHIBIT B

IN-KIND PROMOTIONS AND THEIR VALUATION METHOD

In-Kind Promotions may include any of the following, in which event they will be valued as described in the table below.

In-Kind Promotion	Method of Valuation (In the event that there is no independent or third party cost valuation available, then the mutual agreement method of valuation will apply)
<p>COMPANY name/logo included in advertisements</p> <ul style="list-style-type: none"> • Print (e.g. newspaper, magazine, billboard) • Television and cable • Radio • Internet (e.g. banner ads, button ads, links) 	<p>Print: $[(\text{ad space allocated to COMPANY}) / (\text{total ad space})] \times \text{cost of ad space}$</p> <p>Television: $[(\text{ad space allocated to COMPANY per frame}) / (\text{total ad space per frame})] \times (\text{total cost per frame}) \times (\text{number of frames})$</p> <p>Note: If voice-over is provided, rate will be increased 50% from the schedule above.</p> <p>Radio: $(\text{duration of COMPANY mention}) \times (\text{cost of ad time})$</p> <p>Internet: $[(\text{ad space allocated to COMPANY}) / (\text{total ad space})] \times \text{cost of ad space}$, or Value of ad space or link provided, as determined by cost to other third parties; or Mutually agreed on value, subject to independent verification</p>
<p>COMPANY name/logo included on in-flight collateral</p> <ul style="list-style-type: none"> • Ticket jackets • In-flight magazine • Destination guides • In-flight video • Timetables • Insert card with meal • Boarding passes • Napkins • Menus 	<p>Value of ad space provided, as determined by cost to other third parties (e.g., through standard rate cards or pricing), or</p> <p>Mutually agreed on value, subject to independent verification</p>

<p>COMPANY name/logo included in direct mail</p> <ul style="list-style-type: none"> • Affinity program newsletter or statement • Direct marketing campaigns • Tickets sent by mail • Co-marketing promotions 	<p>Value of ad space provided, as determined by cost to other third parties (e.g. through standard rate cards or pricing); or</p> <p>Mutually agreed on value, subject to independent verification</p>
<p>Affinity program supplements</p> <ul style="list-style-type: none"> • Free discounted points/miles • Free discounted inventory (e.g. tickets) • Free discounted upgrades or other services 	<p>If discounted, value of discount to total cost of equivalent product to other third parties; or</p> <p>If free, value of product provided, as determined by cost to other third parties; or</p> <p>Mutually agreed on value, subject to independent verification</p>
<p>Passenger database information</p> <ul style="list-style-type: none"> • Affinity program names • Competitive purchaser names (e.g. passengers who booked travel through another on-line agency) • Other names, data, or contact information 	<p>Value of data provided, as determined by cost to other third parties (e.g. cost per name X number of names provided); or</p> <p>Mutually agreed on value, subject to independent verification</p>
<p>Special promotions</p> <ul style="list-style-type: none"> • Exclusive promotions or fares available only on Company Site • Promotions or fares available only on Company Site or Airline Site • Other 	<p>(Value of discount to next lowest published fare) X (number of discounted transactions booked through Company Site); or</p> <p>Mutually agreed on value, subject to independent verification</p> <p>(Value of discount to next lowest published fare) X (number of discounted transactions booked through Company Site) X (75%); or</p> <p>Mutually agreed on value, subject to independent verification</p> <p>The value of special promotions credited by Company towards in-kind promotions will not exceed \$1M in any 12 months period</p>

EXHIBIT C

<u>Year</u>	<u>Ticket Price</u>	
	<u>\$0 - \$150</u>	<u>\$150 +</u>
2000	\$ _ _	\$ _
2001	\$ _ _	\$ _
2002	\$ _ _	\$ _
2003	\$ _	\$ _ _
2004	\$ _ _	\$ _ _
2005	\$ _ _	\$ _ _
2006	\$ _ _	\$ _
2007	\$ _ _	\$ _
2008	\$ _	\$ _ _
2009	\$ _ _	\$ _

Attachment B



Clearance Fares Outlet

Fill every seat through expanded customer reach

INCREASE PROFITABILITY

- Fill every available seat
- Maximize revenue per seat (avoid dilution)
- Minimize distribution costs

WHAT YOU MAY BE FACING NOW

An Airline's Internet web site has become an important distribution channel, especially for last minute "special fares". However, there are still weaknesses in distressed inventory distribution. Currently more than 50% of American homes lack a PC and there are lingering consumer fears of e-commerce. Existing push strategies do not reach all "shopping customers" resulting in lost sales opportunities.

HOW WE CAN HELP YOU

Sabre Clearance Fare Outlet provides a low-cost distribution outlet where airlines can post remaining inventory, non-published, and last-minute fares immediately making them available to price-sensitive customers through the more than 144,000 Sabre connected points of sale.

CUSTOMER REACH

- Access to over 144,000 Sabre connected points of sale
- Fares available through participating airline and travel web sites
- Fares soon to be available in Sabre BTS (Business Travel Solutions)

FEATURES AND FUNCTIONS

- Distressed inventory fares filed via ATPCO.
 - Fares can be filed within a unique class of service or with unique fare basis codes.
 - Fares loaded Monday for travel departing no sooner than the following Wednesday and returning prior to the immediately following Tuesday.
 - Can maintain additional airline restrictions as desired within the window specified by Sabre.
- Booking functionality
 - Participating agencies (initially limited to U.S. points of sale) can shop, book and ticket via Sabre.
 - Fares will be integrated into standard Sabre fare search tools (or)
 - A unique distressed inventory fare display will be created.
- Agency compensation is under the airline's control.
- Qualifying fares will be eligible for a reduced booking fee.

Filing Clearance Fares

Overview

Clearance Fares are those fares that are not currently published or provided by an airline to Sabre via ATPCO, including but not limited to those fares that the carrier distributes via its Internet site and/or any other Internet site. Sabre requests that you adhere to the following guidelines to ensure ease of filing and to maximize your participation in Clearance Fare Outlet.

Filing Clearance Fares

Clearance Fares will be published via ATPCO only. They should be filed as private tariff normal ("flat") fares. Percent-off published fares are not supported for Clearance Fares. Your Clearance Fares will be loaded into Sabre five times daily Monday through Friday and once on Saturday and Sunday.

Clearance Fares must be filed as passenger-type "**WEB**" and fare-type "**WEB**." The fare basis code must include the character string "**LOW**," e.g., QE3LOW.

To define viewership by country code or PCC/IATA code of the physical location, use the ATPCO automated Category 15.

If the Clearance Fare is not eligible for commission, clearly note this condition in the Endorsement section of the fare filing.

Clearance Fares will be displayed in Sabre no earlier than 12 weeks prior to the effective date of the Clearance Fare. Sabre must receive the fares from ATPCO by 1700 Central Time three business days prior to the first applicable display date for the Clearance Fare.

Sabre Air Pricing Operations

In order for Sabre Air Pricing Operations analysts to build the fare rule data in advance and to ensure proper quality of data, Sabre Air Pricing Operations analysts must have either of the following options in the ATPCO GFS system to view any private tariff fare and rule data:

Minimum: Partner Security
Preferred: Carrier User ID

This will allow Sabre Air Pricing Operations analysts to view all necessary fare and rule provisions filed through ATPCO from the time it is filed, ensuring that they can build the data and quality control the data in time for its release.

Filing Clearance Fares

Displaying the Fares

As Clearance Fares are not integrated with other published and negotiated fares in Sabre fare quote displays, a delimiter needs to be added to these entries. The entries are:

Fare Quote	FQLAXSEA15JULWEB-xx, where xx = airline
Fare Shop	FSLAXSEA15JULWEB
Fare Applicable	FALAXSEA15JULWEB-xx, where xx = airline
Fare Shop Applicable	FDLAXSEA15JULWEB

If no "WEB" fares are found on a fare quote display request, the fare quote response will advise the user that there are no applicable "WEB" fares found for that carrier.

Itinerary Pricing

As Clearance Fares are not integrated with other published and negotiated fares, a delimiter needs to be added to enable itinerary pricing. The entries are:

General Pricing	WPPWEB
Tripsearch	Use WEB passenger type in JR mask
BargainFinder	WPNCB#PWEB
Bargain Finder Plus	WPNI#PWEB
Flight Finder	JA1*2 (FlightFinder will automatically apply the WEB passenger type)

If no WEB fares are found as a result of any itinerary pricing entry, including low fare searches, the system will default pricing to the lowest regular adult fare.

Endorsements

When an itinerary is priced using Clearance Fares and if there is a comment regarding commission filed in the Endorsement section of the fare rule, that text will be displayed to the agent. Depending on what other comments are filed as Endorsements, the text may or may not be printed in the Endorsement section of the ticket form due to space limitations.

If you have any questions regarding the filing process, please call your airline's normal Sabre Air Pricing contact.

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Sabre Introduces Internet and Other Lowest Available Fares Through Sabre Clearance Fare Outlet

Aeromexico, ATA and National Airlines First Carriers to Implement

FORT WORTH, Texas, March 13 - Sabre Holdings Corporation (NYSE: TSG) today announced a new service for airlines, Sabre Connected travel consultants and travelers that provides access to deeply discounted fares — previously available only via the Internet. With the introduction of Sabre Clearance Fare Outlet, consumers shopping via travel agencies or on the Web can now find fares equal to or lower than the lowest fares distributed by participating carriers on the Internet. Sabre is the first to provide travel consultants access to these types of last minute travel deals.

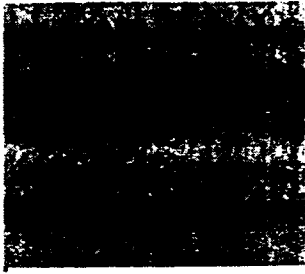
"Reducing fares to sell the few remaining seats on an aircraft is a proven means for customers to get great last minute deals and airlines to maximize revenue. Displaying these fares at the maximum number of distribution points increases the probability of reaching the customer," said Scott Alvis, senior vice president of associate marketing and sales for Sabre. "Sabre Clearance Fare Outlet provides a low-cost distribution outlet where airlines can post remaining inventory, non-published and last-minute fares and immediately make them available to price-sensitive customers through more than 47,000 Sabre Connected travel consultants and participating airline and travel Web sites."

Sabre Clearance Fare Outlet is currently available to Sabre Connected travel agencies and will soon be available through other Sabre connected channels, such as Sabre Business Travel Solutions(R), the company's business- to-business corporate travel management system. This new service complements the wide range of fare-shopping tools available through Sabre, with fares that are updated more than five times a day and can be searched by date, location, price or destination. The Sabre system processes nearly 40 percent of the world's travel reservations for millions travelers.

This new service offers airlines a reduced distribution cost for non-published promotional fares. Initial carriers listing fares through Sabre Clearance Fare Outlet include Aeromexico, ATA and National Airlines. Sabre also is in final discussions with several additional participants.

"We are excited to participate with Sabre in this first-of-its-kind initiative," said Richard Lesman, ATA's director of sales and distribution. "By participating, we will now have the added flexibility of distributing selected weekly Internet special fares through Sabre technology."

Sabre is the global leader in applying information technology to meet the needs of the travel and transportation industries with advanced and innovative technology skills to deliver progressive solutions. Headquartered in Dallas/Fort Worth, Texas, the company has more



than 10,000 employees worldwide who span 45 countries. Sabre reported 1999 revenues of \$2.4 billion, up 5.6 percent from 1998. Net earnings excluding special items were \$264 million, up 15.2 percent from the prior year. More information on Sabre is available on the World Wide Web at <http://www.sabre.com>. Sabre, Sabre Business Travel Solutions and the Sabre logo are registered trademarks of an affiliate of Sabre Inc.

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